

Nomination for Ambassador to Mexico

June 2, 1993

The President declared his intention today to nominate Jim Jones, the CEO of the American Stock Exchange and former House Budget Committee chairman, to the position of Ambassador to Mexico.

“A great deal of our economic future,” said the President, “is bound up in our relationships in this hemisphere, particularly our relationship with Mexico. That is why I have chosen an

Ambassador who is seasoned by years of economic leadership in both the private and public sectors. Jim Jones brings a unique perspective and uncommon talents to the continuing dialog with our Mexican neighbors.”

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

Exchange With Reporters in Frederick, Maryland

June 3, 1993

Economic Program

Q. Mr. President, speaking of construction, should Lani Guinier withdraw?

The President. I'll have more to say about that later. But this is the most important thing I'm working on. This is the illustration of why the economic program is important. Housing sales at a 7-month high last month, creating jobs for people like this because of low mortgage rates. If we can keep the interest rates

down by passing the economic program, getting the deficit down, you're going to see a lot more jobs, a lot more homes, a lot of money putting into this economy. That's the real important thing that this administration was elected to do and that's what I'm working on.

NOTE: The exchange began at 11:11 a.m. while the President was touring a house under construction in Fredericktown Village.

Remarks at Fredericktown Village in Frederick

June 3, 1993

Thank you very much. Good morning, ladies and gentlemen, and good morning, boys and girls. It's great to be here in Frederick today. I want to thank Roger Glunt, the President of the National Association of Home Builders, for being here and for his support of our economic program, as well as the support of homebuilders and realtors all across America who understand what we can do for the American economy if we can get interest rates down and keep them there.

I want to thank the Murrays for giving me a tour of their home before it was finished. One of the things I did in my former life, back when I had one—[laughter]—when I was a young man, was engage in a little bit of home-

building. That's hard work. And I'm glad to see somebody else doing it back there. But they did a great job. I want to say thanks to the Dragers and the Fishmans and the Taylors, the other families here on this circle who showed me their home and talked to me a little bit about their lives. I want to thank Jim Johnson for being here and for the wonderful job that he does at Fanny Mae to help finance homes and make the American dream come real for Americans. And I want to say thanks to Don Meade, the construction site supervisor, who hasn't spoken today. That will make him the most popular person here. I thank him for showing me around.

Ladies and gentlemen, last year when I was

out campaigning for the job I now hold, I think all of us realized that our country was in a period of short-term recession, which it lasted for about 3 years, but of long-term economic problems brought on by some economic competition from other countries around the world and from some problems that we had created for ourselves and that it was impossible to point the blame at one person, that both parties in Washington were to blame, but that it was absolutely clear that we couldn't keep going the way we were going, where the deficit was going up and up and up every year, so our debts were piling higher.

In 12 years, 12 years, we went from a \$1 trillion to a \$4 trillion national debt. And the deficit was over \$300 billion a year. And at the same time, we were reducing our investment in the things that make us a rich country: in incentives for people to build houses, in new technologies to compete with other countries, in the education, and training of our work force.

So what I tried to do was to turn that around. It seemed to me that the faith—we had to begin was to bring down the deficit with a combination of tough spending cuts and tax increases that would be mostly on those who had been more successful, whose taxes had gone down and were in higher income groups.

This plan that I have presented to Congress does that. But I want to emphasize to you—I'll talk a little more about the details in a moment—but why would the homebuilders be here supporting it if it were bad for business and bad for America? They wouldn't be. They're here because all these people building these houses need jobs, and we need more people like them working. And if people can work, we wouldn't have half the problems we've got in this country.

Six million Americans are employed in the housing and related industry. Homebuilding is critical to our future and critical to the dreams of millions of American families. A year ago, less than half of the American people under the age of 35 thought they had a good chance to buy a home. Today, over 70 percent of them do. And there's one clear reason: lower long-term interest rates, which make mortgage rates as low as they've been in 20 years.

If you think about it, mortgage rates currently are at about 7.5 percent. Now, if someone had a home mortgage at 10 percent and they refinanced that at 7.5 percent, in the very first year

of the refinancing, they'd save \$2,100. That is way over twice as much in one year as the same family, let's say, a family with an income of \$40,000 to \$60,000 would pay in new taxes under the energy tax in 4 years under our program.

That is the key to this whole thing. A balanced approach, cut spending, raise money from people who can afford it, minimize the burden on the middle class, but ask people to pay something, but give them back low interest rates, more jobs, and a growing economy. That is the idea, and the critical thing is the interest rates.

Every time mortgage rates go down a point, an additional 350,000 people are able to buy homes. In November, shortly after the election, our administration announced a serious attempt to reduce the deficit based on spending cuts, targeted revenue increases. Long-term interest rates started to drop. They've dropped almost one full point since the election. Last week, after the House of Representatives adopted the economic program, they dropped again, and the stock market went up again because people who control these decisions began to believe again that we could take control of our destiny and really move America forward.

You've already heard some of these specific ideas, but let me just reiterate. In this bill there aren't just tax increases; there are spending cuts, \$100 billion in the entitlement areas, and another \$150 billion in 200 specific cuts in other areas, including a reduction in the size of the Federal Government by 150,000 employees over the next 4 years, an across-the-board cut of 14 percent in the administrative costs of Government, and hundreds of other specific cuts in spending.

But there are also some incentives in this program which are important. The small business community, some of you would be in that, have been asking for years to increase the expensing provisions in the Tax Code so they could write off \$25,000 a year, not \$10,000 a year, if they invested in their business to make it more productive. That's in this provision.

Larger businesses who invest a lot of money in new plant and new equipment, which put people to work, have been asking for years for us to change the minimum tax provisions so they won't have to pay taxes on investments they make to put people to work. And we did that in this tax bill, and that will put people to work.

People in real estate have been asking for years that they simply be treated on what are called their passive losses, like people in every other business in the United States of America. And that is in this tax bill, and that will put people to work. These things will create jobs.

Maybe most important of all, for something I care a lot about, I'll bet you that more than half the people in this audience from time to time in the last 10 or 15 years, have complained about the welfare system and have said sometimes there seems like there are more incentives to stay on welfare than off. Well, let me tell you something else this bill does. Some people stay on welfare rather than work 40 hours a week, because if they take a minimum wage job and go to work, they've got to pay somebody for child care; they don't have any health insurance, so they go back on welfare; you pay it through Medicaid, and they can stay home with the kids. It's not because the welfare check is big, it's because of the child care and the medical benefits. This tax bill says that, look, we're going to favor work over welfare forever. If you go to work, you work 40 hours a week, you have a child in your house, the tax system will lift you out of poverty. We're going to favor work over welfare. That's a very important thing that this tax bill does.

Now, next week the United States Senate is coming back into session, and we have to pass this bill in the Senate. Many Senators and many House Members and the President would like to pass the bill with even fewer taxes and more spending cuts, and we're going to look for that. But let me remind you, look at the results already. The most important thing is to pass a bill that has real deficit reduction, real spending cuts, put it all in a trust fund so the money can't go to anything else, and no tax increases

without the spending cuts, and keep the interest rates down. That is what is important here.

I have been overwhelmed—yesterday I had lunch again, as I do about every week with a lot of business executives who themselves will have to pay the lion's share of the tax bill. Over 60 percent of this money will come from people with annual incomes in excess of \$200,000, over 75 percent of it from people in the top 7 percent of the income bracket. And most of them are willing to pay as long as they know the interest rates will go down because the deficit is going down. So I think it's important to say, yes, let's shoot for more spending cuts and less taxes, but let's pass the bill and get the deficit down.

I want to just leave you with this. New home sales last month reached a 7-year high in April, 7-year high. That's worth doing. Mortgage rates are at a 20-year low. That's worth keeping. Well, I ask you, let's don't take our eye off the ball. It is estimated that in this year alone, if we can keep these interest rates down at this level, it will put \$100 billion back into the American economy, in people refinancing their mortgages, refinancing business loans, lower consumer loans, lower college loans, lower car rates. That's what we've got to do.

I ask for your support. I ask for your support not on a partisan basis but to rebuild the American economy. There is no party label; there's just jobs and incomes behind this. We've got to grow this economy.

I thank the people on this stage and all of you for being here today to make that point. Thank you very much.

NOTE: The President spoke at 11:12 a.m. A tape was not available for verification of the content of these remarks.

Exchange With Reporters on the Economic Program in Frederick June 3, 1993

The President. [Inaudible]—deficit down to keep these interest rates low. Here at this place, people understand low deficits means lower interest rates, more jobs and more money in middle class people's pockets. That's what's going to happen.

Q. You seemed more adamant and forceful in your speech today.

Q. Mr. President, why did you come to Republican territory?

The President. This is an illustration of what really counts. Coming here today and being able